Y 1.1/5:97-595

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97TH CONGRESS
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SENATE

REPORT
No. 97-595

COMPLETED ORIGINAL

AUTHORIZING THE TRANSFER OF CERTAIN EXCESS NAVAL VESSELS TO FOREIGN COUNTRIES

Y 1.1/5:97-595

SEPTEMBER 28 (legislative day, SEPTEMBER 8), 1982.—Ordered to be printed

Mr. COHEN, from the Committee on Armed Services, submitted the following

REPORT

[To accompany S. 2965]

[With appended comments by the Committee on Foreign Relations]

The Committee on Armed Services, having had under consideration the question of transfer of naval vessels to foreign governments, reports the following original bill (S. 2965) to transfer certain excess naval vessels to certain foreign governments.

PURPOSE OF THE BILL

The purpose of the bill is to permit the sale or lease of nine naval vessels to six foreign governments. Title 10, United States Code, section 7307(b) requires Congressional approval by law of the transfer of naval vessels which are less than 20 years of age or displace over 3,000 tons. Six of the nine ships proposed for transfer are less than 20 years old and the other three ships displace over 3,000 tons.

DISCUSSION

For over 25 years the ship transfer program has been an integral part of the U.S. security assistance program which is designed to support this nation's foreign policy objectives. Since the end of World War II over 4,000 naval vessels have been transferred by the United States to foreign nations.

Ships which would otherwise be mothballed or scrapped are instead sailing the world's oceans under friendly flags, providing po-

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tential extension of our seapower capabilities and contributing a significant reminder of U.S. support to valued friends and allies. The common training, operations, and logistics efforts which attend the transfers serve further to coalesce customs, doctrine, and procedures.

The ships designated for tranfer to other countries have been found unfit for further service in the U.S. Navy because they are obsolete, are in a degraded material condition, or no longer meet the mission requirements of the naval service. In the first two cases, extension of their service life for continued operations would require an inordinate investment to overhaul and modernize them, and the end result would still provide only a limited capability to face a growing and more capable threat.

Retention of these vessels in a mothball fleet is also impractical. After World War II when the United States maintained a large inactive fleet, the majority of the ships in it had only a few years of active service, and the cost of preservation and maintenance of that fleet was much less. Moreover , technological development was not so rapid then as it is now, and ships could be recalled rapidly with little modification and quickly became effective elements in the fleet, as occurred during the Korean War.

Today, however, the costs of maintaining older or obsolete ships in the inactive fleet cannot be justified when there is little likelihood that they could be put to beneficial use by U.S. forces if they were recalled. Ships that would be beneficial and do not easily become outmoded such cargo vessels, are still being placed in the inactive fleet or in the ready reserve fleet.

On the other hand, vessels which may be of little use to the United States, may be of great value to our foreign allies. Ships that may not meet U.S. requirements to face a large worldwide military threat may be very useful in facing less capable regional military threats or coastal policing and patrolling duties against smuggling or similar domestic civilian duties. Moreover, ships that may require overhaul and maintenance that is too labor intensive by U.S. standards may be well-suited for nations where both the labor and the time to make these repairs is abundant. To these nations, these ships transfers provide a means of securing vessels they might otherwise be unable to have, as well as a means of fulfilling governmental obligations that might not otherwise be accomplished.

TRANSFERS

The ships that are proposed for transfer are listed in Table 1. Along with each vessel is listed the country of destination, tonnage, service date, cost, etc. Justification for each of the transfers is as follows:

TABLE 1.—SHIPS PROPOSED FOR TRANSFER

Country, ship/craft	Description/class	Tonnage	Service date	Acquired cost	Sale price	Remarks
Colombia:						
Tacoma (PG-92)	Patrol combatant/ Asheville	180	1969	$4,600,000	(1)	Proposed lease; inactivated 1981.
Welch (PG-93)	Patrol combatant/ Asheville	180	1969	3,400,000	(1)	Proposed lease; inactivated 1981.
Dominican Republic: PTF 23/24/26 (each)	Fast patrol boat/ Osprey	60	1968	900,000	(1)	Proposed lease; inactivated 1977-78.
Ecuador: ARD 24	Auxiliary repair drydock/ARD 12	5,800	1943	3,000,000	388,000	Proposed sale; inactivated 1980.
Mexico: James M. Gillis (AGOR-4)	Oceanographic Research Ship/ Conrad	1,200	1962	2,600,000	(1)	Proposed lease; inactivated 1980.
Pakistan: Everglades (AD-24)	Destroyer tender/ Arcadia	9,260	1951	9,000,000	(1)	Proposed lease; inactivated 1970.
Turkey: US Piedmont (AD-17) (Hot ship transfer)	Destroyer tender/Dixie	9,412	1944	13,500,000	(1)	Proposed lease; to be inactivated Sept. 30, 1982 (LANT FLT)

1 Not applicable

COLOMBIA

The Government of Colombia has been cooperating with the U.S. Government for some time in the control of drug traffic between the two countries. The lease of two patrol combatants is proposed to strengthen the Colombian Navy's ability to participate in the interdiction of illicit drug traffic originating in Colombia. The patrol combatants *Tacoma* (PG-92) and *Welch* (PG-93) were inactivated in 1981 and are, for the time being, not needed by the U.S. Navy. Delivered in 1969 at a cost of $4.6 million and $3.4 million respectively, these patrol combatants displace 180 tons. Their armament of one 3"/50 cal. gun and one 40mm gun was removed upon deactivation, but could be replaced at the request of the Colombian Government. They will be leased "as is, where is" for an initial term of 5 years with a lease provision that allows extensions for additional terms of 5 years as mutually agreed between the Colombian Navy and the U.S. Navy.

DOMINICAN REPUBLIC

The Government of the Dominican Republic reconfirmed its long-standing request to lease three fast patrol boats in a diplomatic note of January 18, 1982. The PTF's available for lease were deactivated in 1977-78 and are stored at Little Creek, Virginia (PTF-23) and Corondo, California (PTF-24 and PTF-26. These PTF's, delivered in 1968 at a cost of approximately $900,000 each, displace 60 tons and are unarmed. The Dominican Republic Navy would use these boats for drug traffic interdiction, such purpose being in our mutual interest.

PAKISTAN

In July 1977 the Government of Pakistan requested transfer of a destroyer tender. The destroyer tender USS *Everglades* (AD 24) was retired in 1970 and has since been stored at the Inactive Ship Maintenance Facility, Philadelphia, Pennsylvania. *Everglades,* acquired in 1951 for approximately $9 million, displaces 9,260 tons and is armed with one 5"/38 cal. gun. *Everglades* will be leased to Pakistan on an "as is, where is" basis for an initial term of 5 years, with a lease provision that allows extensions for additional terms of 5 years as mutually agreed between the Pakistani Navy and the U.S. Navy.

TURKEY

In February 1982 the Government of Turkey requested to lease a destroyer tender (AD). USS *Piedmont* (AD 17) will retire on 30 September 1982. The tender *Piedmont,* acquired in 1944 for approximately $18.5 million, displaces 9,412 tons and is armed with four 20mm guns. *Piedmont* will be released on an "as is, where is" basis for an initial term of 5 years, with a lease provision that allows extensions for additional terms of 5 years as mutually agreed between the Turkish Navy and the U.S. Navy.

ECUADOR

The Government of Ecuador requested the purchase of a floating drydock (ARD) in a diplomatic note of July 21, 1978. The U.S. Navy has learned that the Republic of Korea Navy no longer desires to purchase ARD 24, which has been offered for sale as authorized by Public Law 96-150 (the ship transfer authorization enacted in 1979). ARD 24 is a non self-propelled floating drydock displacing 5,800 tons, constructed in 1943 at a cost of approximately $3 million. ARD 24 will be used by the Ecuadorean Navy in the repair and maintenance of small ships. It will be offered for sale to Ecuador on an "as is, where is" basis for $338,000.

MEXICO

The Secretary of the Navy has received from the Mexican Navy a request to lease an oceanographic research ship of the *Conrad* class. This ship is to be used in oceanographic research of mutual benefit to the U.S. Navy and the Mexican Navy. The oceanographic research ship *James M. Gillis* (AGOR 4), recently returned to U.S. Navy custody after 10 years of use by the University of Miami, is not, for the time being, needed by the U.S. Navy and is available for lease to the Mexican Navy. Delivered in 1962 at a cost of approximately $2.6 million, *James M. Gillis* displaces 1,200 tons and is unarmed. The ship will be leased for an initial term of 5 years, with lease provisions allowing extensions for additional 5-year terms by mutual agreement and providing for the exchange of research information gained as a result of the ship's employment.

COMMENTS OF THE COMMITTEE ON FOREIGN RELATIONS

On August 11, 1982, Acting Secretary on the Navy James F. Goodrich sent a letter to the Senate transmitting draft legislation which would authorize the lease or transfer of nine U.S. Navy vessels to five friendly foreign countries. The Committee on Foreign Relations cooperated with the Armed Services Committee to develop a procedure to expedite passage of the legislation. On September 20, Senator Cohen, Chairman of the Subcommittee on Seapower and Force Projection wrote to Senator Percy suggesting sequential referral of an original bill that Armed Services intended to report on this matter. The referral was formalized in a letter below signed by Senators Percy, Pell, Tower, and Stennis on September 27, 1982.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., September 27, 1982.

Hon. HOWARD H. BAKER, Jr.
The Majority Leader,
U.S. Senate Washington, D.C.

DEAR MR. MAJORITY LEADER: The U.S. Navy has requested authority to transfer nine naval vessels to six foreign governments. Title 10, United States Code, section 7307(b) requires Congressional approval by law of the transfer of naval vessels which are less than 20 years of age or displace over 3,000 tons. Each of the ships proposed for transfer are in one of these two categories.

On Thursday, September 23, 1982, the Committee on Armed Services reported the attached bill to authorize the transfer of these nine ships. Although jurisdiction over Section 7307(b) of Title 10 resides in the Armed Services Committee, certain recent changes in the law suggest that the bill be sequentially referred to the Foreign Relations Committee. Therefore, we would like to request that the attached bill be sequentially referred to the Foreign Relations Committee with instructions to report the bill within two days after receiving it.

Sincerely,

CHARLES PERCY,
CLAIBORNE PELL,
JOHN TOWER,
JOHN STENNIS.

The Foreign Relations Committee considered the bill on September 21 in response to Senator Cohen's letter and recommended several modifications to the draft bill transmitted by the Navy. The Committee also reviewed the foreign policy implications of each transaction and found each to be in the foreign policy and national security interest of the United States. The Committee further ordered the bill, as modified, favorably reported as soon as it was referred by the Armed Services Committee.

The Foreign Relations Committee modifications, which were subsequently adopted by Armed Services, specifically authorize the leases and transfers under provisions of the Arms Export Control Act to assure that the controls and conditions of that Act apply. Because this legislation specifically authorizes those leases, the

Committee agreed to Section 2(b)(1) of this bill, which waives the 30-day review requirement for new leases during the two-year period referred to in Section 3 of the bill. The Committee further agreed to the waiver of the full cost payment provision (found in Section 2(b)(2) of this bill) on the understanding that these foreign countries will spend considerable funds under Section 2(b)(2) and (3) to pay any U.S. government expenses in connection with the leases and to restore and maintain these naval vessels.

The Committee on Foreign Relations, therefore, recommends that the bill, S. 2965, agreed to by both the Foreign Relations and Armed Services Committees, do pass.

DEPARTMENTAL POSITION

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, D.C., August 11, 1982.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Forwarded herewith is a draft of proposed legislation "To authorize the transfers of certain naval vessels."

This proposal is part of the Department of Defense Legislative Program for the 97th Congress, and the Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Navy has been designated as the representative of the Department of Defense for this legislation. It is recommended that the proposal be enacted by Congress.

PURPOSE OF LEGISLATION

The purpose of the proposed legislation is to authorize the transfers by lease or sale of nine vessels of the U.S. Navy. The proposed legislation will grant such authority to the President or his designee, notwithstanding Chapter 6 of the Arms Export Control Act, as amended, or any other provision of law.

Subsection 7307(b) of title 10, United States Code, requires congressional approval by law of the transfer to another nation, by any means, of naval vessels which displace in excess of 3,000 tons or are less than twenty years of age. All of the ships and craft proposed for sale or lease are in that category.

Consistent with the United States Government's policy of transferring arms to serve U.S. national security interests and for the legitimate security requirements of our allies and friends, the U.S. Navy desires to transfer these vessels to the governments listed in enclosures (1) and (2). The Chief of Naval Operations has certified that these vessels are not essential to the defense of the United States.

The Department of State supports this proposed legislation.

There are two categories of transfers proposed herein: sale of a vessel excess to U.S. Navy requirements; and leases of ships not for the time being needed by the U.S. Navy. Details about the vessels

and the circumstances surrounding their transfer are contained in enclosure (2).

COST AND BUDGET DATA

There will be no cost borne by the U.S. Navy in these transfers. All proposed transfers will be effected on an "as is, where is" basis. Amounts paid to the Navy which represent the value of naval vessels transferred will be deposited to the general fund of the U.S. Treasury. Amounts paid for expenses incurred in connection with transfers will be reimbursed to current applicable appropriations. Notwithstanding section 321 of the Act of June 30, 1932 (40 U.S.C. 303b), chapter 6 of the Arms Export Control Act, as amended, or any other provision of law, a lease of any vessel authorized under this legislation shall be subject to such terms and conditions as the President or his designee may require, and may provide, as part or all of the consideration for the lease, for the maintenance, protection, repair, or restoration of the vessel by the lessee. The sales price of the vessel to be sold will be based upon its estimated market value and is cited in enclosure (2).

Sincerely,

JAMES F. GOODRICH,
Acting Secretary of the Navy.

Enclosures.

CHIEF OF NAVAL OPERATIONS,
Washington, D.C., September 13, 1982.

Hon. WILLIAM C. COHEN,
Chairman, Subcommittee Seapower and Force Projection,
Washington, D.C.

DEAR MR. CHAIRMAN: The passage during this session of Congress of the legislative proposal (DOD 97-159) to authorize transfer of nine naval vessels to six allied and friendly nations is critical at this juncture in time.

Seven of these vessels are earmarked for our Caribbean and South American neighbors of Colombia, Ecuador, Mexico, and Dominican Republic for use in drug interdiction, coastal security, repair and oceanography programs. The remaining two countries of Turkey and Pakistan will receive repair ships over 30 years old which will provide critically needed repair capabilities for upkeep of their fleets. In the case of Turkey, the transfer is especially time sensitive from the standpoint of reducing costs to both the U.S. Navy and Turkey.

As you are aware, this legislation has the strong support of Defense and State. I realize it is late and we are asking much of your committees in the eleventh hour, but I urge hearings be held at the earliest possible time. This bill is important if we are to meet our foreign policy and security assistance commitment. Similar letters have been sent to the Chairman of: House and Senate Armed Services Committees, Senate Foreign Relations Committee, House For-

eign Affairs Committee, and House Subcommittee Seapower and Strategic and Critical Materials.

Sincerely,

JAMES D. WATKINS,
Admiral, U.S. Navy.

SUPREME HEADQUARTERS ALLIED POWERS EUROPE,
LIAISON OFFICE,
Washington, D.C., September 7, 1982.

Senator JOHN TOWER,
Chairman, Senate Armed Services Committee,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR TOWER: The following message from General Bernard W. Rogers, Commander in Chief European Command, has been received by this office with a request that we deliver to you.

"DEAR SENATOR TOWER: I am writing to solicit your support concerning the proposed lease of the USS Piedmont to the Turkish Navy.

"The Turkish Navy is heavily dependent on the U.S. Navy for the transfer of ships in order to maintain a deep water, open ocean capability. Without these transfers, the Turkish Navy's ability to fulfill its NATO role in defense of the Eastern Mediterranean would be severely curtailed. Likewise, Turkish ability to control the strategic Bosporus Straits is a key element in our control of the Soviet Black Sea Fleet.

"The tender Piedmont would assist greatly in keeping Turkish combatant ships operationally ready for NATO operations in the Mediterranean and in operations oriented toward control of the Straits. Further, approval of the lease would send a positive signal to Turkey that their NATO participation in defense of Mediterranean waters is highly valued by the United States.

"As the Piedmont is scheduled for safe storage on 30 September, approval will be required in September in order to effect the timely, cost efficient transfer of Piedmont to our Turkish Ally.

"I am sending a similar letter to Senators Cohen and Percy and Representatives Price, Zablocki and Bennett.

"With gratitude for your continuing support and all best wishes.

"Sincerely, Bernard W. Rogers, General, U.S. Army, Cinceur."

Sincerely yours,

ROBERT C. HORN,
Colonel, GS, SHAPE Liaison Officer.

AMBASSADOR OF THE UNITED STATES OF AMERICA,
Ankara, Turkey, September 7, 1982.

Hon. JOHN TOWER
Chairman, Armed Services Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR TOWER: I am writing to urge favorable consideration by the Senate Armed Services Committee of the Ship transfer Bill, as soon as possible after Congress reconvenes on September 8.

Included in this Bill is a provision to transfer the USS Piedmont, a destroyer tender, to the Government of Turkey. The Turkish Navy is heavily dependent on the transfer of USN ships to maintain any blue water capability. Without such transfers, the Turkish Government has no hope of playing a useful role in the defense of the eastern Mediterranean or of fulfilling its naval responsibilities as a member of the NATO Alliance.

Furthermore, these transfers are a significant and highly visible demonstration of the United States' commitment to Turkey and support for the Turkish defense establishment. Failure to transfer the Piedmont, or a substantial delay in that transfer, could therefore have adverse political consequences, undermining to a degree U.S. credibility as a reliable partner and calling into question our commitment to Turkish security and the security of NATO's southeast flank.

It is also very important that the transfer take place promptly, if possible on October 1, the date on which the Piedmont will be decommissioned. Procedures to take the ship out of active service are already under way. Further delays will only decrease the seaworthiness of the vessel and increase the time required to make the Piedmont ready for duty, once the transfer is approved. These delays also will add greatly to the costs of the transfer, both for the United States Navy and for the Turkish Government, which can ill afford them.

I therefore urge favorable and prompt consideration of the Ship Transfer Bill.

Sincerely,

ROBERT STRAUSZ-HUPE.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., September 27, 1982.

Hon. JOHN TOWER,
Chairman, Committee on Armed Services,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 7115, a bill that authorizes the transfer of certain naval vessels to certain foreign governments, as ordered reported by the Senate Committee on Armed Services on September 27, 1982.

Should the Committee so desire, we would be pleased to provide further detail on the attached cost estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

CONGRESSIONAL BUDGET OFFICE

COST ESTIMATE

SEPTEMBER 27, 1982.

1. Bill No.: H.R. 7115.

2. Bill title: A bill to authorize the transfer of certain naval vessels to certain foreign governments.

3. Bill status: As ordered reported by the Senate Committee on Armed Services on September 27, 1982.

4. Bill purpose: This bill authorizes the transfer by lease or sale of nine naval vessels to certain foreign governments to serve U.S. national security interests and the security interests of U.S. allies and friends.

5. Cost estimate:

[By fiscal year, in thousands of dollars]

	1983	1984	1985	1986	1987
Estimated authorization	−388				
Estimated outlays	−388				

6. Basis of estimate: The estimate assumes that the ships are sold or leased as specified and that payments are received in fiscal year 1983. The CBO estimate is consistent with sale and leasing prices estimated by the Department of Defense. The receipts will be deposited in a Treasury account for offsetting receipts.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Thomas D. Phillips.

10. Estimate approved by:

C. G. NUCKOLS
FOR JAMES L. BLUM,
ASSISTANT DIRECTOR FOR BUDGET ANALYSIS.

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